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Report to the Chairman, Subcommittee on Housing and Community Development, Committee on Banking, Finance, and Urban Affairs, House of Representatives

May 1990

PARTNERSHIP PROJECTS

A Framework for Evaluating Public-Private Housing and Development Efforts

GAO/PEMD-90-9

GAO

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Program Evaluation and
Methodology Division

B-236100

May 22, 1990

The Honorable Henry B. Gonzalez
Chairman, Subcommittee on Housing
and Community Development
Committee on Banking, Finance, and
Urban Affairs
House of Representatives

Dear Mr. Chairman:

This report was prepared in response to your request for a framework to evaluate the success of public-private partnerships in housing and community development.

Background

A partnership in Chicago works with local lenders and neighborhood organizations to support neighborhood-based projects that rehabilitate housing for low-income tenants. A partnership of local residents, the city government, finance and development professionals, and area churches in Baltimore organizes a series of construction projects aimed at revitalizing a commercial area. Have these and other such partnership projects been successful? Did the Chicago partnership succeed in meeting the needs of low-income residents in the affected neighborhoods? Even if the economic health of the Baltimore commercial district improved, would the area have developed as well or better in the absence of the partnership?

Although public-private partnerships appear to be a popular way of addressing local housing and community development needs, claims of their success as a policy tool have been based largely on anecdotal evidence. Few attempts have been made to validate these claims systematically. This framework is designed to fill this gap by providing a comprehensive set of criteria against which to measure the performance of these organizations in specific projects and across federal programs.

We defined public-private partnerships as joint efforts between the public sector and either the private for-profit sector or the private nonprofit sector. In contrast to privatization, contracting out, or other arrangements between the public and private sectors, a partnership signifies that both public and private sectors share risks and responsibilities in order to meet critical community needs, as defined by the partners. Shared risk means that both partners could lose resources; it encourages

the involvement of both public and private sectors in ventures that neither sector could successfully attempt alone. Shared responsibilities include joint decisionmaking by representatives of the different groups who work collaboratively on the project.

The Framework

We find that we can judge the success of housing and community development public-private partnerships comprehensively in terms of three sets of criteria focused at the project level: the needs that a partnership project addresses, the process by which the partnership operates, and the outcomes of the project. We examine how to apply these criteria to individual local projects. We then move to the issue of how to evaluate federal support for such projects. (An overview of the framework is provided in appendix II. See table II.1.)

Need Criteria

The need for a project can be considered in terms of the magnitude of need, defined as the difference between a standard of what ought to be and existing conditions. For example, rents in an area could be compared to a common standard for affordability, such as 30 percent of the household income of tenants, as a measure of the need for more affordable housing. If rents were found to exceed this standard, that could indicate that a project to build more low- or moderate-income housing in the area is justified.

This suggests another aspect of need: distribution of housing or community development needs. The partnership may identify a geographic area or target population to be served by the project. A task of the project may thus be to match the services it provides to the needs of the target area or population. When effectively done, a partnership project aimed at providing housing to a low-income population in a mixed-income neighborhood, for example, will identify and select as tenants low-income households out of that mixed population. (Details of the criteria that apply to the need dimension and the associated indicators and measures are discussed in appendix III.)

Process Criteria

Process criteria deal with the implementation of a project and include planning and initiation of the project, the structure of the partnership, management of partnership operations, and resource acquisition and management. Understanding how a project was implemented can reveal important information about why the project succeeded or failed and could identify ways in which programs can be improved. For example, if

we found that the public and private participants in a failed local economic development project had conflicting and incompatible goals, this might explain what went wrong and suggest strategies for more successful implementation of future projects. (Details are discussed in appendix IV.)

Outcome Criteria

Outcome criteria relate to the effects of a given project, including tangible effects, such as the number of housing units built or amount of commercial space developed, and less tangible effects, such as changes in the environment for investment in a community. Outcome criteria refer to how well a project fulfills the housing or community development needs it is intended to address, how it affects the public sector, community residents, the private sector, and the partnership organization itself, and how much it costs in financial, political, or social terms. Thus, if we found that a given partnership project produced more low- income housing in a target neighborhood than would have been built in the absence of the partnership, we could conclude that the project had been a success. (Details are discussed in appendix V.)

Evaluation From the Federal Perspective

We turn now from the local or project level to considering how to evaluate a group or program of federally assisted public-private partnerships in housing and community development. There is no one federal program with the direct objective of supporting public-private housing and community development partnerships. However, we raise four major questions that can be used to guide the evaluation of the set of partnership projects funded under a particular program (such as the rental housing rehabilitation program) or to do comparative analyses of partnership projects across programs (such as all federal programs that assist rental housing construction). These questions are

1. What federal resources are allocated to support public-private partnership projects in housing and community development?

2. What needs are addressed by federally assisted public-private partnerships?

3. How well is the implementation of federally assisted partnership projects monitored?

4. How successful are federally assisted partnership projects?

As we have reported previously in Partnership Projects: Federal Support for Public-Private Housing and Development Efforts (GAO/PEMD-89-25FS, September 1989), little information is available to answer these questions for most federal programs that support public-private partnership projects. In this framework, we identify some of the key indicators (such as the number of partnership projects supported and the amount of private funding leveraged through federal support) on which information could be collected and maintained by federal agencies for purposes of evaluating the partnership projects they fund. (Details are discussed in appendix VI.)

Applicability of the Framework

Ideally, the framework should be useful as a guide to evaluating the need for, implementation of, and outcomes of housing and community development projects undertaken by public-private partnerships. (See table II.1.) The fact that the framework is very broad does not require an evaluator to use all the criteria, however. An evaluation may focus entirely on outcome criteria, for example.

Setting forth evaluation criteria implies the need for measuring performance against those criteria. Therefore, for each criterion we present one or more indicators that evaluators can use to assess the extent to which a given project or set of projects meets the criterion. For each such indicator, in turn, we present one or more specific measures. For example, one criterion of the need for a housing project is the magnitude of housing need. (See table III.1.) One indicator of this need is the extent to which housing in an area is not affordable. To measure the degree of affordability, the evaluator might consider the proportion of household income going for rent, the rates of homeownership in the area, interest rates for home mortgages, or the ratio of shelter beds to the homeless population. The precise choice of measures would of course depend on the relevance of the measures for the area being considered for the project and the purposes of the project itself (for example, whether it involves constructing rental housing or owner-occupied dwelling for families or single room occupancy facilities for individuals).

The measures we present vary considerably in terms of the availability of reliable data. Some rely on data such as census reports, which may become outdated, while others—especially those concerned with project implementation—require more qualitative or impressionistic information. Evaluators would need to make assessments of the extent to which specific analyses were needed or feasible, given the scope of the project and the resources available, before proceeding.

The framework is not only a model for looking at past performance, however. It can also serve as a planning tool for federal, state, or local officials and private-sector participants in public-private partnerships. Used prospectively, the framework could identify the information that will be needed to evaluate the project at various stages of development and could clarify the information gaps that may be too costly to fill.

Development of the Framework

We discuss the scope of our work and the methodology we used to develop the framework in appendix II.

Agency Comments

We received comments on this report from the Department of Housing and Urban Development (HUD). (See appendix VIII.) Those comments describe the report as "solid" and "well-written" and express agreement with our characterization of the difficulties of carrying out the evaluations discussed here because of the problems resulting from "the lack of readily available, reliable data and the high costs associated with collecting the needed data." They also note that the report could be useful for improved monitoring of projects or for providing technical assistance to partnerships. Finally, HUD proposes several steps we could take to encourage the use of the framework.

Copies of this report will be sent to the Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking, Housing, and Urban Affairs, the Senate Committee on Governmental Affairs, the House Committee on Government Operations, and the Secretary of the Department of Housing and Urban Development. In addition, we will make copies available to others upon request.

If you have any questions or would like additional information, please call me at (202) 275-1854 or Kwai-Cheung Chan, Director of Program Evaluation in Human Services Areas, at (202) 275-1370. Other major contributors to this report are listed in appendix IX.

Sincerely,

Eleanor Chelimsky
Assistant Comptroller General

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Abbreviations

AHS	American Housing Survey
GAO	U.S. General Accounting Office
HUD	U.S. Department of Housing and Urban Development

Request Letter

U.S. HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
OF THE
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
ONE HUNDRED FIRST CONGRESS
2129 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6052

May 15, 1989

Honorable Charles A. Bowsher
Comptroller General
U. S. General Accounting Office
441 G Street, N. W.
Washington, D. C. 20548

Dear Mr. Bowsher:

The House Subcommittee on Housing and Community Development is interested in whether public-private partnerships are successful in meeting the goals of federal housing and community development programs. We understand that the Program Evaluation and Methodology Division of the General Accounting Office is developing methods for performing evaluations of such partnerships.

In connection with our work on the Housing and Community Development Act of 1989, we are interested in having information on the success of public-private partnerships in a wide range of housing and community development programs. Specifically, we would like your staff to:

1. provide descriptive information on federal programs currently supporting partnerships in housing and community development; and

2. develop a framework for evaluating the success of such programs.

The staff of the Subcommittee would like to meet with your staff to discuss details of the study and reporting schedules. If you have any questions, please call Gerald R. McMurray at 225-7054.

Sincerely,

Henry B. Gonzalez
Chairman

HBG:GM:jr.

Overview of the Framework

In this appendix, we give an overview of the evaluation framework and discuss the methods we used to develop it.

Evaluation Criteria

The framework consists of nine criteria organized into three categories: the needs that the partnership addresses, the process by which the partnership is implemented and managed, and the outcomes of the partnership project. (See table II.1.) The first criterion under need—problem magnitude—focuses on the size and distribution of housing and community development problems. The second criterion, duplication and appropriateness, is concerned with determining the efforts already under way for addressing the need as well as the appropriateness of a partnership project relative to those other ways of addressing the need. Process criteria include the general management issues of planning and resource acquisition as well as issues that are uniquely important in partnership ventures—that is, the structure of the partnership and the management of the partnership. The last three criteria address the outcomes of a partnership project: whether the project has achieved its intended objectives, whether the program has had other unintended or secondary effects, and what the costs of the project have been.

Table II.1: Overview of the Evaluation Framework for Public-Private Partnership Projects

Category	Criterion
Need for the partnership project	Problem magnitude Duplication and appropriateness
Process of partnership project implementation	Planning Structure of partnership Management of partnership operations Resource acquisition and management
Outcomes of partnership project	Achievement of intended objectives Other unintended or secondary effects Costs

The nine criteria were developed to categorize the types of issues raised in evaluating public-private partnerships and the projects they implement. For each criterion, relevant indicators are identified and measures are suggested. This scheme is not the only categorization scheme possible, nor do these criteria incorporate all the issues that could be raised about public-private partnership projects. Instead, the framework provides a heuristic inventory of indicators and measures that are relevant to the evaluation of public-private partnership projects in housing and community development.

Application of the Framework

The framework outlines the kinds of questions that are appropriate in assessing the need for, implementation of, and outcomes of local partnership projects. Not all the measures and analyses included in the framework have to be used in every evaluation. Our intent here is to be comprehensive, but only appropriate criteria and measures need be used in any specific application. For example, an evaluation of the implementation of partnerships under a given program need not take account of measures of outcomes or of need for the partnership.

In addition, the suggested measures vary widely in the extent to which data are likely to be available, either through extant sources (such as census reports) or through original data collection (including surveys and observational techniques). Throughout the report, we address this feasibility issue for individual suggested measures.

Several steps are needed to use the framework to evaluate a project or program. The first is to decide the purpose and scope of the evaluation. For example, to assess the implementation of a project, an evaluator would focus on the process criteria and indicators but probably would not deal with partnership outcome issues at all.

Once the purpose and scope of the evaluation have been decided, the second step is deciding on sources of information and collecting data. Generally, information on each criterion should be drawn from as wide a set of sources as possible and should be reviewed for its relevance and methodological quality. The final steps include assessing the quality of the data and synthesizing information from different sources and on different measures. It will be necessary to set priorities and to decide if some information may be too costly to collect. Answering some of the questions posed may be prohibitively expensive.

As noted below, documentation on partnership projects tends to be promotional. This suggests that there may be a difference between the evidence that is available and what actually happened. Even if partnership operations and effects have been accurately documented, some data may still be difficult to obtain. For example, the private sector may be reluctant to reveal sensitive data on financing and development costs or project performance. In addition, because a project's success reflects on both public and private sectors, it may be difficult to obtain information on partnership projects that have not met expectations. Other information such as how the partnership was initiated and project activities negotiated may not be revealed through the normal documents and records that an organization might keep.

These three concerns—the validity of available data, the accessibility of data, and the lack of data—make it probable that the evaluation of partnership projects will require the collection of new data through surveys, interviews, and observations rather than relying only on existing records. Again, the user will have to decide from the available budget what is feasible in terms of cost. In the explanation of the framework that follows, we identify some potential sources of information for the measures that we have indicated.

In short, users of the framework need to make additional decisions about evaluation design, the relevance of specific indicators, and the feasibility of collecting data on suggested measures and analyses. In addition to guiding the evaluation of specific partnership projects, the framework can facilitate the comparison of data across projects by providing a common set of criteria for categorizing data. The framework may also be useful in the development and design of partnership projects, because it suggests measures for assessing the need for a partnership project, implementation factors that may be related to project success, and the outcomes or effects of the project.

Objectives, Scope, and Methodology

We defined public-private partnerships as joint efforts between the public sector and either the private for-profit sector or the private nonprofit sector. In contrast to privatization, contracting out, or other arrangements between the public and private sectors, a partnership signifies that both public and private sectors share risks and responsibilities in order to meet critical community needs, as defined by the partners. Shared risk means that both partners could lose resources; it encourages the involvement of both public and private sectors in ventures that neither sector could successfully attempt alone. Shared responsibilities include joint decisionmaking by representatives of the different groups who work collaboratively on the project.

Although partnerships are found in many policy areas (including job training and education), we restricted the application of this framework to partnership projects that focus on housing and community development. Housing may include construction, rehabilitation, rental assistance, and other activities. Community development refers specifically to efforts directed toward neighborhood revitalization, economic development, and improved community facilities. Our definition of community development excludes projects that focus solely on community organizing, job training, and other community services.

Partnerships can vary according to purpose and duration. One type is the project-based partnership, which is not permanent, does not constitute a formal delivery system, and may not lead to another venture in the future (U.S. General Accounting Office, September 1989). A second type is program-based and includes both the public and private sectors as participants, has access to resources, is ongoing, and tends to be more formal than project-based partnerships. Project-based partnerships tend to be single project partnerships while those that are program-based tend to be multiple project partnerships. Evaluation methods and requirements for these two types may vary.

We addressed both housing and community development with one framework because we found considerable overlap between housing and community development projects. Many community development projects involve housing activities as well as economic or infrastructure development. For example, the Inner Harbor project in Baltimore constructed mixed income housing units, as well as assisting commercial development.

Building on the general evaluation criteria developed in Children's Programs: A Comparative Evaluation Framework and Five Illustrations (GAO/PEMD-88-28BR, August 1988), we identified relevant indicators and measures for evaluating partnership projects in housing and community development. The development and assessment of the evaluation framework involved four steps: (1) literature review, (2) development of the framework, (3) expert review of a draft framework, and (4) revision of the framework based on further research.

We reviewed studies and reports on public-private partnership projects and other housing and community development projects in order to develop relevant criteria, indicators, and measures for evaluating partnership projects. (A bibliography of the materials we reviewed appears at the end of this report.) We found that the literature on public-private partnerships tends to promote, rather than evaluate, partnerships. For example, SRI International published several reports under contract to the U.S. Department of Housing and Urban Development that were intended to guide local government, local firms, and corporate involvement in public-private partnerships. But despite the fact that they were more promotional than evaluative, these and other "how to" guides proved useful in identifying process variables. Because they were intended to encourage partnerships, they emphasized "keys to success"—elements or variables that are important to consider in the initiation, planning, and implementation of a partnership project.

While the promotional nature of the literature on public-private partnerships facilitated the identification of process variables relevant to the evaluation of partnership projects, the literature was less useful in the objective identification of need measures. The needs to which partnership projects are addressed tend to be described in dramatic rather than operationally defined terms. This example is typical: "In the 1970s Old San Juan, the city's historic core, was obviously headed downhill. Residents were moving to more affluent neighborhoods, buildings were deteriorating, and the area had become known for scarce parking, sleazy bars, and drifters." (U.S. Department of Housing and Urban Development, March 1987) While need measures such as migration, the physical quality of structures, and the availability of parking are implied in this statement, it is not clear which measures were used or how the need was determined by the partnership.

Because need tends to be stated in general terms, outcomes are not directly linked to these needs in the descriptions of successful partnerships. Instead, the literature on partnerships emphasizes tangible outcomes such as the number of housing units constructed or rehabilitated, the number of jobs created, or the amount of money leveraged. In addition, given the promotional nature of the literature, it was difficult to find discussions of failed partnerships or negative side-effects of partnership ventures. In order to gather more information on relevant variables in assessing needs and outcomes, we relied on evaluations of nonpartnership projects and programs in housing and community development.

The literature review not only provided criteria, indicators, and measures but also enabled us to identify issues in evaluating partnerships. For example, Lipman discusses the complexity of the leveraging ratio, a commonly mentioned measure of success in obtaining financial resources. (Lipman, 1988) We discussed this and other issues in evaluating partnerships in relation to specific measures.

The draft framework that we developed from the literature was reviewed and assessed for comprehensiveness by an expert panel (listed in appendix VII). We sent the draft framework to the panelists and asked them to first generate their own criteria, indicators, and measures for evaluating partnerships and then to review and comment on those that we had developed from the literature. We then brought the panelists together for a day-long meeting to discuss the evaluation of public-private partnerships in general and the contents of the framework in particular. The comments of the panelists were incorporated into the

framework where appropriate. The framework was further refined and sent to the panel members for a final review.

Criteria of Need

An important issue in evaluating any housing or community development project is the need to which the project is responding. The purpose for assessing need is to provide information to the planning process to enable the prioritization of problems and the selection of appropriate activities to address them. Evaluative data on the status of the need to which a project is responding operate as a baseline against which data on project processes and outcomes can be compared. Without an understanding of the nature and extent of the housing or community development need, it is difficult to evaluate the appropriateness or success of the actions taken or the outcomes achieved.

The extent to which a needs assessment is appropriate for any given project depends in part on the size and scope of the project. Clearly if a project is small and requires little in the way of resources, it may not be necessary to conduct an extensive needs assessment. A general description of the most readily available information on the apparent need could be quite sufficient. For example, a project designed to renovate a small apartment building in a neighborhood where the occupancy rate is high, or where tenants were displaced when units were removed from the inventory, could be justified without extensive investigation of the overall level of need or the advisability of investing in other project sites. However, a major investment in a large-scale project designed to replace several thousand housing units with newer units would require a far more extensive investigation of the need for that type of housing in that location, relative to other competing uses for the resources.

Steps in Needs Assessment

Evaluating the need for a project involves two steps: (1) the definition of a standard of what ought to be and (2) the measurement of existing conditions. Need is then the difference between the standard and existing conditions. The definition of adequate levels of housing or community development can be defined by legislation or program regulations, expert opinion, the expectations of client groups or target populations, or comparison to the level of housing or community development available to other groups.

Standards of what ought to be may be established through legislation or program regulations. For example, HUD defines rental costs exceeding 30 percent of household income as an excessive rent burden for low- and moderate-income families. If standards have not been established by legislation or regulation, then expert opinion is a potential source for normative standards. However, reaching consensus among experts on

acceptable standards for housing and community development (using such methods as the Delphi panel) may be expensive and problematic.

The expectations of client groups or target populations as a standard against which to assess need has the advantage of relevance to local conditions. These expectations can be measured directly by local surveys, focus groups and other structured group interviews, and key informants. Indirect measures include the use of services that are already available. For example, long waiting lists for subsidized housing may indicate a need for more low-income housing.

While surveys and other direct measures allow direct feedback from target populations about specific issues, they have some disadvantages. They are potentially complex and expensive. In addition, surveys and structured groups tend to be reactive—that is, they arouse expectations among respondents that action on their needs will be taken. In contrast, indirect measures may be less expensive and less reactive because they are based on existing information. However, the disadvantage of indirect methods is that they were not designed to measure the criteria or issue in question and may have validity problems.

To define a standard of housing or community development through comparison, data must be gathered for more than one area or group. For example, the quality of housing in one neighborhood could be compared to that in surrounding neighborhoods or nearby communities. The use of a comparative standard of need can be more costly than the alternatives, depending on the source of information. In addition, unless relevant differences between areas or groups are specified and measured, this approach can neglect unique characteristics that invalidate the comparison. For example, the housing needs of two neighboring areas may differ.

In general, the standard to be applied depends on the program and the intended use of the evaluation. Legislative or regulatory standards are likely to be preferred for their obvious utility in linking project objectives to program requirements. However, if an evaluation is designed to test the equity of program delivery, it might be more sensible to compare the need in the target community to other communities, disregarding the existence of program definitions of need. In this case, the additional expense involved in ascertaining the levels of comparative need could be justified. In any case, the development of standards of need can be iterative with changes or refinements occurring as data are collected and analyzed.

Defining a standard using one of the approaches above is only the first step in assessing need. Existing conditions and services also need to be measured and evaluated through comparison to the standard. The assessment of existing conditions and services is the focus of the following discussion of indicators and measures for the criteria of need. We identified criteria that are relevant to evaluating the need for the partnership project. They are problem magnitude and duplication and appropriateness. Magnitude refers to the size and distribution of the need. Duplication is concerned with whether other public or private resources are sufficient to address the problem adequately. Appropriateness is whether the partnership approach is the most effective method for meeting the need.

Problem Magnitude

In table III.1, we present some indicators and measures of the size of housing and community development needs. Data on some of the measures are collected by the Bureau of the Census, the Bureau of Labor Statistics, and the Department of Labor's Employment and Training Administration. However, the data may be outdated, aggregated to irrelevant geographic areas, not accurate for small cities, or not available for geographic units smaller than a city. This issue needs to be examined and the data supplemented, if necessary, by original data or data from alternative sources, depending on the problem. The measures given in the table appear as magnitudes, but these should be compared to the standards defined as we discussed above. Again, data requirements may not be extensive if the project is small in scale or only involves one or two neighborhoods.

Table III.1: Need Criteria: Problem Magnitude

Criterion	Indicator	Measure
Magnitude of housing needs	Extent to which housing is not available	Ratio of existing stock to number of households; number of new housing permits issued and starts and completions; units lost to abandonment, fire, or demolition; rates of household formation
	Extent to which housing is not affordable	Proportion of household income going to rent; rates of homeownership; interest rates for home mortgages; ratio of shelter beds to homeless population
	Extent to which housing is of poor quality	Extent of housing with inadequate plumbing, inadequate sewage disposal, incomplete kitchen facilities, structural problems (e.g., leaking roof, holes in floors or walls), common-area problems (e.g., broken or missing stairs, no working light fixtures), inadequate heating, lack of electricity or electrical deficiencies, fire hazards, inadequate light and air, or signs of vermin; age of housing; extent of overcrowded housing; quality of management of rental units; condition of neighborhood (abandoned structures, littered or noisy streets, drug-dealing, street crime, other physical and social conditions)
	Distribution of housing needs	Concentration of housing need by geographic area or by demographic characteristics
Magnitude of community development needs	Extent of economic distress	Percent of people at or below the poverty level; per-capita or household income; rate of growth in retail and manufacturing employment; unemployment rates, rate of long-term unemployment, or underemployment rates; new capital expenditures (investment in new plant and equipment); amount of retail sales, service receipts (income from the service sector), or wholesale trade; number and type of businesses; crime rates by crime type, drug-dealing, street crime, and other social conditions
	Extent of physical distress	Extent and concentration of condemned or abandoned buildings; extent of garbage-littered streets; number and extent of unpaved or broken streets or cracked or broken sidewalks; percentage of streetlights missing or ineffective; extent of inadequate drainage and sewage facilities
	Distribution of community development needs	Concentration of community development need by geographic area or by demographic characteristics

In the absence of timely census data at the geographic level of interest, information on problem magnitude may be available from the annual household directories maintained by a number of private firms. For example, the R. L. Polk Company provides urban statistical data as an adjunct to its annual household and business directories in many major cities. The data collected by the Polk Company have the advantage of being available for household units, not aggregated into census blocks, block groups, or tracts. Many cities, such as Memphis and Boston, have developed neighborhood management information systems. However, if neighborhood geographic boundaries have shifted over time, the data may be aggregated to an inappropriate geographic area. National demographic updating services such as National Planning Data Corporation provide current population and income data by census tract and zip code

primarily to large newspapers, banks, and insurance companies. These services rely heavily on feedback from local planning agencies and local statistics. Other possible information sources are city planning commissions and other local government records, annual citizen surveys, and neighborhood advisory boards.

Magnitude of Housing Needs

We identified three major indicators of the magnitude of housing needs: availability, affordability, and quality. These indicators are interrelated. For example, availability is the interaction of demand for and supply of housing. But demand for housing is influenced not only by rates of household formation and population growth but also by affordability in terms of housing prices and household income. Similarly, housing supply is a function of both additions to and reductions in available housing. Losses in housing may occur through abandonment, fire, or demolition, which are related to housing quality.[1]

The distribution of housing problems is a fourth indicator of the magnitude of the housing need. Distribution refers to the geographic location of the problem and the demographic characteristics of the population experiencing the housing need. Distribution is also related to the other indicators. The concentration of need can exacerbate other problems through "neighborhood effects." For example, a deteriorated housing unit reduces the value of not only that unit but also surrounding units. Thus, if maintenance is sufficiently costly, there is no incentive for individuals to maintain their property. Any improvement in the value of the individual's unit would be overwhelmed by the surrounding, undermaintained properties.

Extent to Which Housing Is Not Available

Housing availability can be measured as the ratio of existing housing units to the current number of households. However, in order to interpret current housing availability, information on changes in the availability of housing and the number of households is also needed. Changes in available housing can be measured indirectly by the number of new housing permits issued, housing starts, and completions. Of these measures, housing completions is the most valid measure of actual change, since permits may be issued without subsequent construction and starts may occur without reaching completion. However, it may be easier to

[1]Some might include all depreciation (both physical and monetary) as a measure of loss. However, we have omitted monetary depreciation here because we are concerned with actual physical loss, as opposed to loss in value.

collect data on housing permits, because data on housing completions may not be kept by local governments.

None of these measures takes into consideration the loss of housing stock through fire, abandonment, and demolition. Thus, in order to determine net changes in housing supply, the loss of housing stock would also have to be measured. Local tax records or demolition permits may be sources of information on demolished or abandoned housing. Fire loss data may be available from the records of local fire departments and insurance companies. Local utilities or water departments normally keep updated records of water, gas, and electricity cutoffs, which would permit an up-to-date count of housing vacancies.

In general, information on housing availability may be accessible from local government records, such as building permits and property tax records, or the decennial census. Although census data are available for decennial years and are very comprehensive, they are soon outdated and thus of limited utility for local planning. For this reason, the use of local government records may be more appropriate. If local government records are not available or not valid, then more expensive methods of determining housing availability may have to be used. For example, an evaluation of the Local Initiatives Support Corporation used key informants in a neighborhood to assess changes in the availability of housing by indicating changes on maps. (Vidal, Howitt, and Foster, 1986)

The vacancy rate, while available from census data, is not included in the list of suggested measures for housing availability because vacancy rates appear to vary considerably, both cyclically and across locations. In addition, vacancy rates seem to reflect imperfections (such as the time and cost of searching for housing) in a housing market rather than housing availability. (Pozdena, 1988)

Extent to Which Housing Is Not Affordable

Measures of the affordability of housing are different, depending on whether the focus is rental or owner-occupied housing. An affordability problem in rental housing can be measured by the proportion of household income spent on rent. The magnitude of the need can then be determined by comparison to HUD's standard for excessive rent burden for low and moderate income households: rental costs exceeding 30 percent of income. The higher the percentage of low- or moderate-income households paying more than 30 percent of their income for rent, the greater the degree of need. Information on rental costs is collected in the decennial census. However, income data are only collected from a sample of the population. Other potential sources of information on rent burden

are the records of local housing regulatory bodies or household data compiled by other surveys (such as the R. L. Polk data discussed above).

An affordability problem in owner-occupied housing involves a number of factors, including the availability of mortgage loans from local lenders, downpayment size for low and moderate income homebuyers, and the "affordability ratio" for homebuyers. Data on the availability of mortgage loans by race, sex, income, and census tract soon will be accessible through the provisions of the Federal Home Mortgage Disclosure Act of 1975 (Public Law 94-200), which has recently been extended to all mortgage lenders in an attempt to document the mortgage availability of specific targeted populations. Low down payments for low- and moderate-income homebuyers are often obtained through mortgages supported by the Federal Housing Administration and the Federal National Mortgage Association. (These programs are not described here, but data on them could be useful in measuring need.)

The generally accepted "affordability ratio" for homebuyers is no more than 28 percent of gross income or 35 percent of total installment debt applied to mortgage loan payments, real estate taxes, and homeowner insurance. The evaluator would need to know current housing prices in an area and would have to compare them to median family income in that area to construct this ratio. Information on homeownership is available in the decennial census and the R. L. Polk data. Local property tax assessment records are another potential source of data on homeownership.

The demand for emergency and transitional shelter beds can also be thought of as a measure of housing affordability, because a high demand for such services would suggest a shortage of affordable permanent housing for rent or purchase. Specifically, shelter records could be reviewed to determine the percentage of available space used and the average number of people turned away when shelters are full. Depending on the quality of records kept by the shelters, analysis of the use of the service can be inexpensive and quick. However, this measure has the disadvantage of being linked to a specific solution rather than to a problem for which several solutions may be considered.

Extent to Which Housing Is of Poor Quality

Housing quality has two dimensions—the housing units themselves and the condition of their neighborhoods. Most of the measures listed in table III.1 are drawn from HUD's definition of physically inadequate housing. They are based on measures included in the American Housing Survey (AHS, formerly the Annual Housing Survey) conducted by the

Bureau of the Census. While the sample used for AHS is too small for estimates of housing conditions at the local level, the decennial census includes questions on local estimates of housing conditions, overcrowding, and the extent of plumbing facilities that can be used. If additional measures of housing quality are appropriate, local communities could use the AHS questions to collect their own data. While this would be more expensive than using census data, a locally administered survey could provide more complete and current information. Other sources of information on housing quality are records of building and zoning code inspections and housing code violations.

The quality of housing management was indicated by our expert panel as an important component of the overall quality of rental units. One reason for the importance of management is management's responsibility for maintaining physical quality. Proxy measures of the efficacy of management include the timing and effectiveness of management response to tenant reports of maintenance problems. This information may be available from the administrative records of the managers of the structure. Tenant surveys are another possible method for gathering this information but would probably be more expensive and time-consuming than record reviews, in addition to having the potential side-effect of raising tenant's expectations for changes that may not be forthcoming.

The second dimension of housing quality is the condition of the neighborhood, which affects the value of the housing. This includes abandoned buildings, littered or noisy streets, drug-dealing, street crime, and other physical and social conditions. The quality of the neighborhood is also a measure for community development needs and is discussed below in terms of the magnitude of community development needs.

Distribution of Housing Needs

The distribution of housing needs is important because it provides a baseline for assessing a project's success in reaching a target area or population. In determining the target area or population of a project, it is important to distinguish problems related to a place from those related to people. Each approach, targeting by geography or targeting by population, has its advantages and disadvantages. For example, a geographic target for a project intended to assist people may have limited effects in terms of the population served. Geographic areas defined as low-income based on an average income level below a poverty threshold may include residents who do not have the characteristics of the population that a specific project is trying to address. Yet those residents, by dint of their residence in the neighborhood served by the

project, may also benefit. At the same time, poor residents in neighborhoods with an income level above an eligibility criterion may not be served.

Despite the disadvantages of geographic targeting, it also has benefits, such as administrative convenience and efficiency in addressing neighborhood effects, resulting from the concentration of need (discussed above). Measures of the geographic distribution of the need include identification of the boundaries of the area experiencing housing problems, description of the area as rural or urban, and estimation of the population density of the area. Data on the geographic boundaries of an area experiencing distress may be obtained through key informant surveys or observation. In addition, where census data relevant to specific measures are available at a block, block group, or tract level, such units can be compared on different measures of distress to help determine the boundaries of the area in distress.

The description of the population most in need by demographic characteristics is useful for two reasons. First, in evaluating the outcomes of a project, a comparison of the beneficiaries to the population in need provides a basis for judging the efficacy of the project. Second, other problems or needs compounding the housing need may be identified. Descriptive statistics on measures of the distribution of housing problems in the population can be obtained from public records and reports, such as the decennial census of population and housing or household directories maintained by private firms.

Magnitude of Community Development Needs

A need for a community development project may be indicated by the extent of economic distress or physical distress experienced in an area or by a group.

Extent of Economic Distress

There are several measures of economic distress. For example, HUD uses poverty rate, per-capita income, rate of growth in retail and manufacturing employment, unemployment, and long-term unemployment to determine the eligibility of local projects for the Urban Development Action Grant program. In a previous report, we discussed these measures and concluded that although there are weaknesses in each one, such as sampling limitations and outdated data from the 1980 census, they generally provide valid measures of distress. (U.S. General Accounting Office, July 1989)

In addition, we reviewed alternative measures of distress such as new capital expenditures, retail sales, service receipts, wholesale trade, and the number and type of businesses. For example, in the report we state that a decline in retail sales can serve as a proxy measure for "urban blight, lack of economic opportunity, and detrimental living conditions." Declines in retail sales have been strongly linked to population decline and reduced income levels. Another measure of economic distress—service receipts—has been linked to the economic characteristics of a resident population.

Both crime rates and crime types are also relevant indicators of the need for community development. For example, drug trafficking and street crime have made many urban neighborhoods across the nation unsafe, lowering local housing values and depressing economic development. Increases in this kind of criminal activity may indicate a need for not only action against it but also neighborhood revitalization projects.

Annual data on crime rates are available from Department of Justice Uniform Crime Reports for the United States. While readily available, both these data and the raw data from local police departments must be used with caution. They suffer from well-known weaknesses such as undercounting and the lack of uniformity in the definition of particular crimes. However, there is an alternative or complementary measure of the extent of crime. The perceptions of local residents about crime in their neighborhood are relevant and could be gathered through a local survey.

Extent of Physical Distress

Measures of physical distress include the extent of abandoned buildings, garbage-littered streets, cracked and broken sidewalks, unpaved or broken roads, missing or ineffective street lights, and inadequate sewage and drainage facilities, among others. As described above, the deterioration of the physical infrastructure of an area may compound community development and housing problems by driving down the value of housing units and making commercial investment less attractive.

Data on physical distress are probably obtained most easily through the observation of existing conditions. Observation has the advantage of being direct rather than reported. For example, some cities have used trained observers to rate street cleanliness. The expense of training and using such observers depends in part on the frequency of ratings and the need for a complete enumeration instead of a sample. (Urban Institute, 1980) Another source of information on physical distress could be local government records of citizen's complaints.

Distribution of Community Development Needs

Assessing the distribution of community development needs is similar to assessing the distribution of housing needs. It facilitates the identification of the target area or population for the partnership project and provides a baseline against which to evaluate the success of the project in reaching its target area or population. Measures of the distribution of need are discussed above in relation to the distribution of housing needs. Information on the distribution of need in an area or population can be obtained from census data, directories maintained by private firms, or community surveys. Key-informant surveys and observation methods (in the case of physical distress) could also be appropriate for assessing the geographic concentration of a need.

Duplication and Appropriateness

While magnitude refers to the nature and distribution of the need to which a project is responding, duplication and appropriateness are concerned with the nature of the response. (See table III.2.) Duplication underlies the question of whether a partnership project duplicates or substitutes for other resources. Appropriateness involves the relevance of the response to the need that has been identified. Such measures are necessary to judge the efficiency of partnership projects as a vehicle for housing and community development.

Table III.2: Need Criteria: Duplication and Appropriateness

Indicator	Measure
Extent of other programs and projects to address needs	Extent of other projects and programs available to address the need; includes accessibility, capacity, comprehensiveness, and continuity of other projects or programs
Extent to which need will be addressed with this project	Extent of this project's resources to address the need; includes consistency between projected results and needs and effectiveness compared to other solutions

Duplication occurs if either the public or private sector is offering similar projects or programs to those proposed by a partnership. Part of assessing the overall need for a partnership project is identifying the accessibility, capacity, comprehensiveness, and continuity of other programs and projects that are already in place with the same or related purposes. Compiling this sort of resource inventory usually requires a survey of service providers. But the documents and records of related projects are other potential sources of information. In some instances, local planning agencies may have already done this work in order to compile a service directory for local citizens.

Alone, a resource inventory does not reveal need. It has to be combined with measures of the extent of the problems. The comparison of the type, location, and accessibility of services to the type, location, and magnitude of problems forms the basis for judging whether a housing or community development project is needed. Only if existing projects are inadequate or ineffective should additional projects be considered.

If it is decided that a project is needed or is not duplicating other projects, the next question concerns appropriateness. Appropriateness includes the extent of resources of this project to meet the identified needs. It includes the consistency between the projected results and the identified needs. It could also include projected effectiveness at meeting the needs compared to other solutions. For example, there may be a high rate of homelessness, but more emergency shelter is not always the most effective or appropriate solution to homelessness. If in fact it is determined that the project is the preferred approach to the problem, then there is the question of whether the project could proceed without a partnership. In order to determine the need for a partnership project, the extent of available public and private resources should be measured. For example, if private investment in the commercial development of an area would have occurred without public involvement, then public investment in a partnership is substituting for the private investment that would have occurred anyway.

Three possible methods of measuring the extent of substitution were discussed in the literature. One evaluation examined what would have happened in local projects if a large nonprofit group had not provided assistance by developing descriptions of alternative outcomes through interviews with staff members on the project. (Vidal, Howitt, and Foster, 1986) A second evaluation looked at what would have happened at the local level if Urban Development Action Grant funds had not been provided by having real estate experts review project records and assess whether the project would have occurred without the federal support. (Lipman, 1988) A third method of measuring substitution compares the observed rate of return to a private investor from an investment in a local partnership project to the market rate of return earned on a similar private investment. However, this method fails to take account of the nonfinancial factors that may motivate the private sector to become actively involved in a partnership, such as a desire to create a favorable public image (or "good will"). (Abt Associates, 1981)

Each of these methods has potential validity problems. For example, while the alternative outcomes were developed by an outside evaluation

team, they were subject to confirmation and revision by staff in the local projects who were still receiving support from the nonprofit organizations. The review by experts may be less biased but is dependent on the accuracy and availability of project records. Use of the market rate of return assumes that without the incentives provided by the partnership, the investors would have made a typical investment choice among an array of alternatives. Additionally, expected investment returns are not always realized and, thus, this observed rate of return is not always valid. Despite these potential problems, these methods are a promising beginning to the difficult problem of assessing the extent of substitution.

Process Criteria

The evaluation of the process that a partnership uses to implement a housing or community development project is important. Process variables have been linked to the success of partnership projects because the process leads to immediate results as well as long-term outcomes. Process measurement involves documenting staff time, resources, and services delivered as well as measuring effort. In an empirical study of neighborhood development organizations, Mayer found that among the prime factors determining the level of success of partnership projects were a skilled executive director, a key staff person with broad experience and background, and a track record of accomplishments.[1] He found that such process variables as teamwork, staff skills, and board participation played a greater role in success than the organization's budget, age, or staff size.

Information about the nature of the actual program being implemented is as important as information on outcomes. Process evaluations can permit decisionmakers and information users to understand the dynamics of program operations and can reveal areas in which programs can be improved as well as highlight the strengths of a program or project. Patton notes that "a serious look at the actual substance of the program being evaluated can prevent some . . . obvious but oft repeated evaluation failures." (Patton, 1986)

The measurement of process variables may prove to be particularly difficult. Rather than discard elusive concepts such as "quality of management," attempts should be made to define and study them, using case studies, qualitative methodologies, or innovative techniques. Measurement issues such as data quality, data availability, and data selection will be addressed as we proceed; follow-on efforts will analyze design issues in greater detail, as the framework is applied to actual partnerships.[2]

[1]Mayer noted that "internal characteristics are of special policy interest in terms of both program success and capacity building." He grouped these characteristics into seven areas, five of which are key staff, short-term planning, management, long-range planning, and board of directors. (Mayer, 1984)

[2]A combination of methodologies may be employed in evaluating public-private partnership projects. For the Mayer study (1984), statistical and case study approaches were used in tandem. Grant applications were reviewed in order to obtain information on intended project outputs, funds leveraged, and timelines for completion of project milestones. Information on intended outcomes was obtained from quarterly and final reports sent to HUD. Interview guides were developed for discussing the organization's work with key actors, who were selected from eleven categories.

Caution is required in looking at the process data that might be gathered. Many of the data are based on subjective assessments or judgments (such as the honesty and integrity of management or management abilities). Some of the data can be obtained only by case study or direct observation. Data may be difficult to obtain because of legal constraints or unwillingness to speak frankly on the part of project staff. In addition, no centralized data base exists and the data bases that do exist tend to be partial, incomplete, and unreliable. Again, it should be noted that in any given evaluation, not all of the criteria listed here will need to be addressed.

For the purpose of our framework, we categorized process indicators according to four criteria: planning, structure of the partnership, management of partnership operations, and acquisition and management of resources. Planning refers to the initiation and process of starting a partnership project. The structure of the partnership refers to variables in the organization of the partnership itself, such as the number of participants and their skills. Management of partnership operations is concerned with factors such as leadership, accountability, and coordination, both within the partnership and with other entities. Acquisition and management of resources focuses on the financial and other resources necessary for the implementation of a housing or community development project.

Planning

Two major planning steps occur prior to the implementation of a partnership project: initiation of the partnership and selection and design of the housing or community development project. Sample indicators and measures for these steps in the planning process are shown in table IV.1.

Table IV.1: Process Criteria: Planning

Indicator	Measure
Initiation of partnership project	Emergence of partnership initiator; reason for forming the partnership; timing of involvement of participants; degree to which participants share common agenda
Match of project type and complexity to abilities of partnership and community needs	Quality and extent of use of needs assessment, feasibility studies, and market analyses; existence of plan for leveraging funds; accuracy of time, cost, and resource estimates
Quality of planning efforts	Degree to which planned activities are linked to objectives; documentation of goals, objectives, and implementation plans; simplicity, directness, and feasibility of project design

Initiation

To document the initiation or formation of a partnership, one would have to describe the process by which the need for a partnership was decided and the initiator or catalyst for the partnership emerged. These two variables have obvious implications for later decisions about the structure and focus of the partnership. For example, if the partnership is initiated in response to a crisis, the planning process may be truncated and the partnership may be short-term. Partnership projects can also be initiated in response to a public program or incentive rather than a demonstrated need in the community.

There are several ways in which partnerships may be initiated and a number of possible initiators. A company could seek to become more involved in a community where it does business, for philanthropic or other reasons. For example, General Motors initiated a public-private partnership with Dineh Cooperatives, Inc., a locally controlled community development corporation in Leupp, Arizona, to establish a Navajo-owned tool-and-die supplier plant. The project was a good business move for General Motors and assisted in changing its reputation regarding the support of minority business start-ups and expansions. (Robbins, 1988) Partnerships can also be initiated by a mayor or a city official interested in revitalizing a city, as in the Charles Center in Baltimore. In another instance, community groups could work with an intermediary development association to foster a local partnership.

Related to the question of who initiates the partnership is the timing of the involvement of other participants. For example, a partnership initiated by the private, for-profit sector with the local government could include community groups at a later point if they discovered that some grants were not available without neighborhood representation. The timing of involvement may relate to the quality of the coordination among sectors discussed under structure of the partnership.

The degree to which the participants share a common agenda can also be important to the facilitation of the planning process, but often a common agenda may not be reached. A common agenda does not mean that every sector has the same motivation for participating but, rather, that their different motivations lead them to the same action. There may not be a single or even an internally consistent group of objectives for each partner, and publicly stated goals may not always accurately depict the actual goals of all participants. Thus, data on which to judge the common goals of public-private projects are not easily revealed or retrievable. (Lipman, 1988)

Match of Project Type and Complexity to Abilities of Partnership and Community Needs

The selection and design of a project is the second part of the planning process. A needs assessment can provide information on the scope and location of problems that the partnership should address. Feasibility studies and market analyses performed by project staff can inform decisions on what kind of project is appropriate. Feasibility studies can be helpful in identifying the potential the project has for success. Market analyses can provide data on how large a project the community can sustain. These analyses do not have to be extensive and can involve neighborhood residents and business people in an effort to assist in assessing current conditions, defining pressing needs, and identifying targets of opportunity.

In addition, accurate time, cost, and resource estimates are helpful for the projects under consideration, so that the partners can assess the feasibility of leveraging the needed resources to complete projects. The extent to which these tools are used in selecting an appropriate project provide indirect measures of the match of project type and complexity to the abilities of the partnership and the needs of the community. Data on planning can be obtained from record and document reviews and on-site visits and interviews with participants. Time, cost, and resource estimates would appear to be easily obtainable and are particularly useful for linking planned activities with objectives and objectives with outcomes.

Quality of Planning Efforts

The plan for implementing the project may be written in simple and direct terms, with clearly stated time, cost, and resource estimates. While these are generally accepted standards for planning, under some circumstances clarity could result in conflict among the partners if it exacerbates disagreements that are difficult to reconcile. In some situations, it may be advisable to form rather general objectives, with the understanding that they will be made more specific as experience accumulates on the project.

Evaluators have explored in depth the difficulty of reconciling goals and objectives and their shifting nature over time. (Lipman, 1988; Pressman and Wildavsky, 1973) However, economic development, revitalization, and neighborhood improvements are lengthy processes, involving many groups, who can easily lose sight of project goals and spend energy attempting to solve problems larger than those at hand. Furthermore, in some cases, if the goals are explicitly stated, that statement may help keep the partnership project on course. (National Institute for Advanced Studies, 1978)

Process criteria that involve planning and initiation can be documented by multiple methods such as site visits, interviews, and expanded responses to questionnaire data. Mayer, in his study of 99 neighborhood development organizations, found that written self-reports, telephone calls, and site visits all contributed to information gathering. He also found that interviewing a large, varied set of actors inside and outside the organization resulted in a relatively complete picture of project progress and its causes. (Mayer, 1984, pp. 223-24)

Structure of the Partnership

As shown in table IV.2, the structure of the partnership is indicated by three variables: composition, representativeness, and skills of the partners. Describing the composition of the partnership in terms of the number of participants, their affiliation, and the stability of membership provides a context for interpreting other information on the structure and management of the partnership. Information on the composition of the partnership can be obtained from document review.

Table IV.2: Process Criteria: The Structure of a Partnership

Indicator	Measure
Composition and representativeness of partnership	Extent of representation of different constituencies; degree and nature of involvement of participants from different sectors; stability of membership
Skills of participants	Skill in acquiring financial and other resources; technical skills and management abilities of partners; prior experience of partners with joint ventures; political awareness; influence and financial ability of partners

The representativeness of the partnership, or the equality of opportunity for different groups to participate, is measured by the extent of representation of different constituencies, the degree and nature of their involvement in the partnership, and the stability of the membership over time. The involvement of different constituencies has been identified as an important element of partnership structure for two reasons. First, representation from different sectors can give the partnership a broad base of legitimacy, which may facilitate project implementation. Second, the involvement of traditionally underrepresented groups can result in their increased self-reliance and self-determination.

The question of self-determination was important to the model cities and antipoverty programs of the 1960's. According to Secretary Kemp, current HUD policy encourages self-determination in resident management

and spreading home-ownership opportunities in public housing. (Washington Post, September 17, 1989) In earlier programs, self-determination weakened support from some project stakeholders, such as large-city mayors, who saw emerging community or minority leaders as competitors. In public-private partnership projects, similar problems could occur.[3]

Finally, participants in a partnership bring a variety of skills to implementation. The skills of the partners can have a great influence on a project's success. For example, partners with the ability to identify outside sources of funding for a project can reduce the financial burden on the partners themselves. Those with considerable financial or political influence are also likely to be successful in this regard. Similarly, the technical expertise of partners in housing or community development projects can fill gaps in staff abilities, such as experience in bidding and contracting processes. Past experience with housing and community development projects has also been linked to project success in obtaining funds and cooperation from different sectors. Again, these data could be obtained by record reviews, site visits, interviews with key informants, and the direct observation of partnerships.

Management of Partnership Operations

Table IV.3 shows indicators and measures for evaluating the management of partnership operations. The indicators include leadership, coordination within the partnership, coordination with other entities, public accountability, and project implementation.

[3]An example of the positive effects of self-determination is the Neighborhood Housing Services program, which provided a segment of the population with some organizational skills and support and made it a substantial partner in a long-term effort to reverse neighborhood decline. Some research has indicated that resident involvement in the program provided low- and moderate-income residents with access to and some control over services and resources they otherwise would not have had. Resident leaders reported that the program gave them a sense of hope, a great deal of pride in their program, and independence from the Neighborhood Reinvestment Corporation, the city, and a range of other programs that they felt had failed to help them. Mayer (1984) also reports resident participation as a vital outgrowth of the neighborhood development organizations he studied.

Table IV.3: Process Criteria: Management of Partnership Operations

Indicator	Measure
Quality of leadership	Leadership's prior experience, technical and management skills, commitment to project goals, and consistency and stability
Degree of coordination and participation within partnership	Regularity of meetings of partners; frequency and clarity of communication; extent to which partners are included in decision processes; process by which financial resources are controlled and managed; presence and success of mechanisms for resolving disputes; degree of cooperation among partners; degree of overt consensus on project operations and objectives
Degree of coordination with other entities	Extent of good working relationships with other agencies and of public relations efforts to gain support for project; continuity of liaison with neighborhood groups; nature and degree of responsiveness to community
Degree of public accountability	Quality of recordkeeping; nature and extent of quality control efforts; honesty and integrity of management; existence and quality of plan for evaluation
Project implementation	Flexibility or responsiveness to changes in circumstances; use of procedural, legal, or regulatory shortcuts; time effectiveness or adherence to deadlines; degree to which implementation matches plan

While not all partnerships necessarily have a formal leader, experts in the area of public-private partnerships identified leadership as an important aspect of a project's success. In some cases, the leadership of a partnership may consist of the extended ongoing efforts of a key individual who is not a formal leader. One of the primary roles of a leader is that of facilitator, bringing together resources, serving as a liaison among participants, and soliciting outside support for the project. The specific technical or management skills of a leader can include the ability to plan a project and the ability to assemble technical expertise, stimulate action by boards, staff, and funding sources and effectively raise funds. (Mayer, 1984, p. 101)

Measuring the quality of leadership is difficult but can be accomplished through case study methods including site visits, interviews, and informal questioning of other partners and participants. (Mayer, 1984, p. 99) Site visits could be timed to include direct observation of board and staff meetings in order to assess staff management functioning. However, Mayer found that the worth of specific talents was best demonstrated by observation methods when directors were individually present or

absent. That is, often the only time Mayer could really assess how effective were certain key leaders was when organizational leadership was taken over by a more appropriately skilled person who improved staff relations, made decisions, or provided new momentum to a project.

Within the partnership, the work of participants from different sectors needs to be coordinated so that the benefits of participation by multiple sectors are achieved and the potential for conflict is reduced. Measures of the degree of coordination can include regularity of meetings, frequency and clarity of communication, sharing of information and resources among participants, and the presence of mechanisms for resolving disputes. The frequency of meetings could be measured through record data, written and oral communications could be sampled and evaluated by rating procedures, and a variety of unobtrusive measures could be used to measure information-sharing and conflict resolution.[4] Sociometric measurement techniques could assist in measuring the degree of cooperation among participants, the degree of consensus on project operations and objectives, or the presence or absence of disagreements.[5] This could be costly if extensive observation over a long period is required.

Mayer noted in his study that

"what contributed most to success was a board that worked eagerly and harmoniously with staff on shared objectives and included some staff with specific skills and contacts. Disagreements . . . dramatically reduced the potential for these kinds of assistance . . . and caused significant drains on overall organizational energy." (Mayer, 1984, p. 114)

Mayer cited specific examples of the effects of cooperation and disagreements.

The partnership typically needs to coordinate with organizations and groups not represented in it. Coordination with agencies implementing

[4]Unobtrusive, or nonreactive, measures are those "that do not require the cooperation of a respondent and that do not themselves contaminate the response." (Webb, 1960, p. 2) In this instance, such measures might be based on a review of minutes of meetings or correspondence among participants, as opposed to a survey or interviews in which the responses may be affected by the fact that participants know their statements will be used as part of an evaluation.

[5]Sociometric scales have been developed that allow for the quantitative description of group interactions. Miller describes Hemphill's Index of Group Dimensions, Bales' Interactional Process Analysis, Seashore's Group Cohesiveness Index, the Sociometry Scales of Sociometric Choice and Sociometric Preference, and Bogardus' Social Distance Scale; such scales are directly relevant to the issues we address. (Miller, 1970, pp. 200-24. See also Mitchell, 1969, pp. 1-50, and Whitten and Wolfe, 1974, pp. 717-46.)

similar projects is important in order to avoid duplication of services to the same area or population and to take advantage of opportunities to make use of complementary resources. The partnership needs to coordinate its efforts within and between community groups. Community support for local projects has been linked to success in raising funds. But community members may not support a project because they disagree either with specific aspects of the project itself or with partnership relations between the private and public sectors in general. Thus, the extent of public relations efforts on behalf of the partnership project is one measure of the extent of the coordination of the partnership with the community. Other measures of coordination with the community include the continuity of partnership relations with neighborhood groups and the degree of partnership responsiveness to community interests. Project records, interviews, and direct observation should provide data on these measures.

Public accountability is an important issue in the management of public-private partnerships, because by definition public resources are involved. However, the accountability of the public sector may become blurred when it works with the private sector. The extent to which public accountability is maintained may be measured by the quality of recordkeeping, the nature and extent of quality control efforts, and the overall honesty and integrity of management. Except for honesty and integrity of management, information on these variables generally should be available from project administrative records. The honesty and integrity of management may be measured by the number of formal complaints filed, evidence of federal or state investigations or legal actions, or the questioning of other key actors outside the partnership.

While public accountability is a concern in public-private partnerships, the blurring of public and private sector roles may give the partnership more flexibility in implementing projects than the public sector would alone. Flexibility in project design is also important. Project plans can be seen as tools for focusing initial work efforts, which can be updated as new information and expertise are gained. This kind of information can be obtained from records and direct observation.

One key indicator of project implementation is flexibility, or responsiveness to change by the partnership. An example of flexibility in managing partnerships is the Weingart Center in Los Angeles. The project stemmed from an original committee of 60 who wished to expand detoxification facilities in the city. Because many of the homeless have social

service needs and mental health problems, planners responded by developing additional services. Over time, services such as a medical clinic, specialized mental health services, and food services have been added to the existing transitional housing and emergency shelter services.

In addition to flexibility in management, the literature on implementation identifies the circumvention of standard operating procedures with legal, regulatory, and procedural shortcuts as a strategy for improving the viability of a project. It should be noted that there are hazards with this approach related to noncompliance with applicable laws or regulations causing political or legal pressures. However, it does appear that flexibility in project design, planning, and management in response to changes in external or internal circumstances can enable a partnership to take advantage of new opportunities or to address problems as they arise. Record reviews and interviews with participants and observers are likely sources of data for these measures.

Resource Acquisition and Management

Resource acquisition and management is concerned with the actual running of the partnership project. Indicators and measures for assessing the success of resource acquisition and quality of management are listed in table IV.4.

Table IV.4: Process Criteria: Resource Acquisition and Management

Indicator	Measure
Availability of nonfinancial resources	Number, stability, and quality of staff; availability of technical resources; amount of contributed labor and donated facilities
Quality of nonfinancial resources	Technical and political skills of staff; level of staff training and experience; extent of staff commitment; quality of contributed labor and donated facilities
Availability of financial resources	Leveraging ratio; ratio of actual dollars leveraged to the amount expected; timing of receipt of financial resources; stability of funding; use of innovative financing approaches
Management of resources	Use of market analyses and feasibility studies in implementation; degree of aggregation of public and private resources; adequacy of financial reporting system; quality of financial recordkeeping; extent of responsiveness to funding sources; clarity of responsibilities of staff; balanced staff teams

Resources can be either financial or nonfinancial. The availability of nonfinancial resources can be measured by the number of staff, quality

of staff (indirectly measured by staff salaries), and the type and breadth of technical resources available through either staff expertise or contracts with outside experts. In addition, the amount of contributed labor and facilities is an indication of the ability of the partnership to marshal nonfinancial resources. These data can be obtained from grant applications, document reviews, or on-site visits to review files.

The quality of the resources obtained is also relevant, because it is linked to the utility of the resources. Staff quality measures, such as stability and technical and political skills, have been related to partnership performance in containing costs. The quality of technical resources, contributed labor, and facilities should also be assessed, because gaps here can affect project outcomes. For example, Greater Boston Community Development, Inc., a private nonprofit agency, provided technical assistance to Inquilinos Boricanas en Accion (Puerto Rican Tenants in Action) in selecting builders, applying for subsidies, and other matters. These kinds of technical resources can help partnerships avoid mistakes, save time, and accomplish their goals. Again, these data can be found in written records, by direct observation of performance, or interviews with participants and observers.

Success in acquiring financial resources is most commonly measured with a leveraging ratio. In general, higher leveraging ratios indicate more success than do lower ratios. The leveraging ratio can be difficult to determine because there are multiple layers of leveraging. For example, the partnership should be interested in the amount of funds acquired from outside sources relative to the commitment made by the partners. But the federal government is more interested in the amount of private investment leveraged with a federal grant. Because different sponsors are interested in different ratios and because the funds from these sources are fungible, sorting out the leveraging implications of any one source can be challenging.

However, there are other measures of the availability of financial resources. For example, the leveraging ratio may be high but the amount of funding available could still be inadequate for the project that the partnership planned. The ratio of actual dollars leveraged to the amount expected is a measure of success in obtaining sufficient resources. The timing of financial resources also is important. For example, early funding to cover the initial start-up and operating costs enables partnerships to formally establish an organization, develop specific strategies, and line up other resources. In addition, the stability of funding is a measure

of the continued availability of funds for spin-off projects or as a cushion against project delays.

Financial and nonfinancial resources have to be managed as well as obtained. One measure of the quality of management of resources is the use of market analyses and feasibility studies to make decisions about the appropriate amount and allocation of resources for different activities. The ability to aggregate resources from different sectors is another management skill needed in partnerships. The acquisition and use of financial resources can be monitored with a financial reporting system. The stability of financial resources, an aspect of their overall availability, can be encouraged through responsiveness and accountability to resource providers. These data can be obtained from on-site observation, progress reports to funding agencies, and interviews with knowledgeable individuals.

Nonfinancial resources, specifically staff, can be managed through clear assignment of tasks and responsibilities. According to Mayer, making divisions of responsibility clear is an important task for executive directors and other lead staff. "The most notable project management problems arose when some major activity fell between the areas for which staffers perceived themselves responsible." (Mayer, 1984, p. 188) Management recommendations also include balanced staff teams.

Application of Process Criteria

Process evaluation is best performed utilizing case study methods. One definition of case studies is "a method for learning about a complex instance, based on a comprehensive understanding of that instance obtained by extensive description and analysis of that instance taken as a whole and in its context." The case study method may involve on-site interviews with participants, visits to local neighborhoods, or discussions with key actors and community members. In order to provide extensive descriptive data, multiple sources of information and types of data sources are necessary, such as observations over time, participant observation, document review, archival records, and physical information. (Additional information on the application of case studies and their methodology and benefits can be found in Case Study Evaluations (U.S. General Accounting Office, 1987) and Miles and Huberman, Qualitative Data Analysis (cited in Case Study Evaluations).)

Again, it should be pointed out that data on many of the criteria are not readily available, which may hinder future analyses. However, it is possible to obtain certain data rather readily, including whether written

plans exist for leveraging funds, the extent of needs assessments or market analyses, the stability of partnership membership, the technical skills of leaders, the extent of public relations efforts, the number of staff, and so on.

As we have pointed out previously, evaluators need to make decisions on the measures they use in any given instance based on the availability of data and the costs of collecting it. In any given evaluation, not all the process criteria and their associated indicators need to be addressed. The framework is meant to be comprehensive and all-inclusive of possible indicators and measures. It is not intended as a model to be adopted in its entirety.

Outcome Criteria

Housing and community development partnership projects have two kinds of effects: direct, tangible effects that can be measured in terms of the number of housing units built or the amount of commercial space developed and indirect, less tangible effects, such as changes in the investment potential of a neighborhood. The primary issue in evaluating the outcomes of partnership projects is being able to attribute any changes—in, say, numbers of housing units or in investment potential—to the partnership project rather than to other interventions or simply to the passage of time.

Design Issues

For both intangible and tangible outcomes, measuring changes and attributing those changes to the projects may be difficult. First, the partnership process itself is complex, involving many participants and requiring a variety of resources. Second, outside factors, including inflation, recession, federal or state policy changes, and racial tensions, may affect outcomes. Third, many of these effects do not occur immediately but develop gradually.

The design of the evaluation must include some way to attribute the effects measured to the project itself. One way to assess whether the project caused the observed outcomes is to compare them to data on what would have happened in the absence of the partnership project. For example, the neighborhood or community with the project could be compared to one that is similar overall but did not have a partnership project. However, it is unlikely that one could find a match close enough to allow valid comparison. Comparison of the outcomes of a partnership project with those of projects implemented solely by the private sector or the public sector suffers from the same problem—the difficulty of finding projects in comparable contexts.

An alternative might be to use econometric models to predict what would have happened in the community without the project, based on trends in investment, employment, and other variables. The predicted outcomes could then be compared to actual outcomes, and gains or losses could be attributed to the project. While this is more feasible than finding an actual match to the community, econometric modeling is not without problems. Models are based on an assumption that explanatory variables are independent of one another. They also require the implicit assumption of some constant relationships over time (or across regions). If these assumptions are violated, the model becomes less reliable and harder to defend. In addition, econometric models may be misspecified by omitting important variables or including extraneous ones.

A third design, interrupted time series, allows an inference about what would have happened in the absence of the project by analyzing trends in the variable of interest over time. For example, if the number of jobs in a community remained stable or steadily declined over several years and then increased suddenly after the partnership project was completed, then there would be some evidence that the project was responsible for the increase. However, other plausible explanations for the increase in jobs would have to be investigated and ruled out. This design has an advantage over econometric models in that it does not require a fully specified model incorporating all relevant variables and, thus, does not impose the burden of collecting data on all those variables. Its disadvantage is that the analysis does require data on the variable of interest for many points in time and the identification of and adjustment for time-dependent trends or cycles in the data series. Also, the probable delay (or lag) between the project intervention and any observed change in the variable of interest decreases the strength of the attribution unless other possible causes for the change in the variable can be ruled out.

A fourth possible design for attributing the outcomes of a partnership project to the project itself is the case study. Case studies do not generally address what would have happened in the absence of the project. However, sometimes they can build a case for attribution through detailed description of project processes and the nature of their link to project outcomes. (U.S. General Accounting Office, 1987) For example, case study researchers can gather important project details such as the timing of funds, delivery mechanisms, and the duration of the project. While these details facilitate the building of causal links between the project and the outcomes, it is still difficult to sort out the effects from the project and those from other contextual factors.

Because of the diversity of partnership projects, no one design can be prescribed here. Nonetheless, we emphasize the importance of evaluating the outcomes of a partnership project in a manner that maximizes the ability to attribute outcomes to the project. Often it will be necessary to use several methods, counting on the strengths of one to minimize the weaknesses of another.

We identified three criteria for evaluating the outcomes of a partnership project: (1) achievement of intended objectives, (2) other effects, and (3) costs of the partnership project. The number of outcome measures listed is large. But for any one project, many measures will not apply. The full list of measures is intended to encompass outcomes of both housing and

community development projects. While the process of these two kinds of projects may be similar, the outcomes are likely to be different. Measures that are not relevant to a particular project clearly should not be used to evaluate its effects.

Achievement of Intended Objectives

The primary outcomes of a partnership project should relate to the housing or community development objectives of the partnership. As discussed in the section on process indicators, clearly documented and agreed-upon objectives are measures of the quality of the planning process. While the objectives of a partnership may be stated in general terms, such as the preservation of low-income housing in a neighborhood, the objectives for any one project implemented by the partnership may be much more specific. For example, objectives for a partnership project might include the rehabilitation of a specific number of housing units or the acquisition and development of a certain amount of commercial space.

There are two approaches to measuring the extent to which intended objectives have been achieved. Many discussions of partnership projects focus on quantifiable, tangible outcomes, such as the number of housing units constructed or jobs created. A second way to assess the extent to which objectives have been achieved is to ascertain the direction and magnitude of changes in the need measures that can be attributed to the partnership project. For example, an increase in the number of housing units relative to the number of households may indicate the degree of success in achieving the objective of increasing the availability of housing. Furthermore, as discussed above, this apparent success would have to be linked to the partnership project in order for the increase to be attributed to the project. In addition, any look at the change in the relationship between housing units and the number of households must consider changes in both sides of the relationship. For example, population changes in the community could also be affecting the relationship.

One potential disadvantage to using need measures for evaluating the effect of a partnership project is that the effects may be small in relation to the need. As a result, decreases in the magnitude of the problem that can be attributed to the project may seem insignificant. In addition, measures of housing and community development need may be affected by many other factors besides the project, such as changes in federal, state, or local tax policies and other exogenous conditions.

Table V.1 lists measures of change in the extent of need as well as measures of common outputs. The disadvantages and advantages of, and potential data sources for, the measures previously described under magnitude of need are not repeated here. However, some considerations in applying the other measures are discussed.

Table V.1: Outcome Criteria: Achievement of Intended Objectives

Criterion	Indicator	Measure
Achievement of intended housing objectives	Increase in housing availability	Number of housing units constructed or rehabilitated; increase in ratio of existing stock to number of households, new housing permits issued, and housing starts and completions; decrease in number of housing units lost to abandonment, fire, or demolition
	Increase in housing affordability	Decrease in proportion of household income going to rent and in interest rates for home mortgages; increase in rates of homeownership
	Increase in housing quality	Decrease in housing with inadequate plumbing, inadequate heating, inadequate provision for sewage disposal, incomplete kitchen facilities, structural problems (e.g., leaking roof, or holes in floors or walls), common-area problems (e.g., broken or missing stairs or no working light fixtures in common areas); decrease in housing lacking electricity or with electrical deficiencies or in housing with fire hazards, inadequate light and air, or signs of vermin; decrease in average age of housing and in average number of people per room; increase in quality of management of rental units; improvement in condition of neighborhood (abandoned structures, crime, other physical and social conditions)
	Success in targeting housing benefits	Extent to which partnership project served targeted geographic area and targeted population
Achievement of intended community development objectives	Relief of economic distress	Net number of jobs created or retained; quality of jobs created; decrease in percent of people at or below the poverty level, unemployment rates, rate of long-term unemployment, or underemployment rates; increase in per-capita or household income and rate of growth in retail and manufacturing employment; increase in new capital expenditures (investment in new plant and equipment); increase in amount of retail sales, amount of service receipts (income from the service sector), or wholesale trade; square feet of commercial space constructed or rehabilitated; change in number and type of businesses; decrease in migration of population and businesses; number of businesses assisted; decrease in crime rate by crime type
	Relief of physical distress	Decrease in extent of garbage-littered streets, unpaved or broken streets, cracked or broken sidewalks, inadequate drainage and sewage facilities; decrease in number and concentration of condemned or abandoned buildings; decrease in percentage of streetlights missing or ineffective
	Success in targeting community development benefits	Extent to which partnership project served targeted geographic area or targeted population

Many descriptions of "successful" partnership projects do not relate achievements to magnitude and distribution of need. Instead, the number of housing units constructed or jobs created are cited as evidence of

success. But these are only partial measures of the success of a project. For example, in housing, both the quality of the new units and their affordability for neighborhood residents and low- and moderate-income people may be other aspects of whether the intended objectives have been achieved.

Table V.1 also shows targeting success as an indicator of the achievement of intended objectives. Success in targeting means that a partnership project is effectively reaching its intended geographic and demographic targets.

Measurement along both the places and people dimensions of targeting is necessary to assess the overall success in addressing the needs of a particular area or population. For example, success in geographic targeting may not be sufficient if the population of the area has been displaced. Thus, in the case of a housing project that improves housing for its geographic target of a low-income neighborhood, another measure of targeting success could be for the low-income population and would include the number of low-income residents in the improved housing units.

Similarly, in community development, the number of new jobs created is insufficient as a measure of success. The quality of jobs is an important, often-neglected dimension of job creation. Job quality can be a function of pay, skill level required, and opportunity for advancement and of whether a job is full- or part-time, temporary or permanent. It is relevant to assessing any change in unemployment or underemployment that may be attributed to the partnership project.

Another concern with using job creation as a measure of effectiveness is the possibility that some jobs may have been lost through modernization of equipment or displacement of jobs from one area to another. Because of these possibilities we recommend the use of net jobs created or retained (that is, number of jobs created or existing jobs retained less jobs lost) rather than gross jobs created. Net job creation here refers to job creation in the project area, not in the national economy as a whole. Information on job quality and job creation can be obtained through state and local employment service records or surveys of local businesses involved in the project.

A consideration in evaluating success in achieving intended outcomes is the durability of those outcomes. Thus, for housing affordability, one would be concerned about whether the newly affordable units remained

affordable to lower-income families over time. The management of new or rehabilitated rental units becomes important in the maintenance of the improvements. Similarly, as mentioned above, the permanence of the new jobs is a factor in their quality. All these suggest the desirability of follow-up evaluation work on the long-term effects. But while relevant to the evaluation of outcomes, an examination of the duration of such changes would add to the cost of an evaluation, since it means gathering data at multiple points in time. In addition, many factors affecting housing and community development are likely to change, making the link to the project tenuous and difficult to evaluate.

Targeting success is an indicator of achievement of intended community development objectives, just as it is for intended housing objectives. Commercial development projects provide an illustration with a mix of targeting goals. For a project that assisted businesses, measures of success might include not only the number of new businesses started and jobs created but also the number and type of businesses displaced, the match of the new businesses to the needs in the community, and the extent to which new jobs are filled by low-income and unemployed residents of the area or new businesses started by local residents.

The methods for gathering information on targeting success are similar to those for determining the distribution of a need. However, census data are not relevant unless new data are available after the project was implemented and completed. The household directories compiled by private firms, community surveys, and surveys of local businesses and housing providers could provide more current, but more costly, information.

Other Effects

In addition to the intended outcomes mentioned above, table V.2 cites other effects of partnership projects, either unintended or secondary, to the purposes of the partnership project. We have categorized these as effects on (1) the public sector, (2) the private sector, (3) community residents, and (4) the partnership organization itself. Several of these measures suffer from measurement difficulties because the data may be sensitive or difficult to obtain. However, rather than ignore these effects, we have listed them as an indication of the full range of effects that a partnership project can have. Some effects may stem specifically from the partnership aspect of the project, while others might be the result of any housing or community development project. In addition, most of the variables listed can be affected either positively or negatively by the project. The attribution of these effects to the project will

be more difficult than for measures listed under the achievement of intended objectives because, in general, the effects tend to be less tangible and the link between the project and the effects less direct.

Table V.2: Outcomes: Other Effects

Criterion	Indicator	Measure
Effects on public sector	Changes in state or local government program activities	Changes in state or local use of federal assistance, administrative procedures, authority over and accountability for projects, administrative costs, use of private-sector expertise and financial resources, or local agency relationships and coordination activities
	Changes in political power base	Changes in relationships with neighborhoods or with private sector
Effects on private sector	Financial returns on investment	Profits or revenues; changes in tax liability or operating costs
	Extent of spinoff development	Number of new or expanded businesses or new development projects initiated after completion of partnership project
	Relationships with local government and neighborhood groups	Changes in public image of private sector partners; changes in nature and extent of participation in local development decisions or in other partnerships with local government
Effects on community residents	Changes in self-determination of local residents	Changes in political participation by local residents or their involvement in neighborhood development activities or organizational involvement
	Changes in community as a place to invest	Changes in the costs of doing business, employee stability and satisfaction, purchasing power, market opportunities; nature and extent of spinoff development
	Changes in neighborhood environment	Changes in appearance of neighborhood, crime rates, or retail and commercial choices available to residents
Effects on partnership	Changes in capacity to plan, manage, and finance projects	Changes in number and amount of private sector contributions or contacts with other development organizations; extent of new resources obtained; changes in staff quality and number of new staff hired; changes in scale or complexity of activities; stock of capital assets, or flow of revenues and expenditures

Effects on the Public Sector

Local government participation in partnership projects may change other aspects of their activities. For example, increased cooperation with the private sector may lead to a reduction in local dependence on federal assistance. The public sector may simplify its regulations in order to facilitate development activities by private-sector entities. For example, zoning and land use laws that restricted potential business or housing development could be adjusted to encourage private-sector involvement in a partnership project. However, as discussed above, working with the private sector may also result in decreased authority over projects, with a potential for diminished public accountability.

Data for assessing changes in local government activities may be available from local government records and documents. For example, changes in regulations may be determined through a review of public documents.

However, decisions about whether any changes in regulations have resulted in simplification and in fact stem from the partnership project have to be based on comparison to the previous regulations and on the judgment of the evaluator. That judgment may be informed by interviews with experts or those who are affected by the regulations.

Partnerships that address housing and community development needs may also lead to increased use of private-sector expertise and financial resources in responding to other social problems. Moreover, money from the repayment of loans to the private sector to encourage housing and community development projects may be used for other local projects. Information on these changes in funding arrangements may be available from local government accounting records and management information systems.

The potential effects above may result from the involvement of the public sector with the private sector in partnership arrangements. However, secondary effects on the public sector can occur from housing or community development projects, even if they are not partnership ventures. Specifically, the degree of success of any housing and community development project can affect the public sector's relationships with community residents. If a partnership project is expensive, unpopular, delayed, or unsuccessful, a local government may lose support for other activities. In contrast, a successful partnership project may increase local interest in future projects as well as the popularity of the local government. Potential sources of information on these changes are local media reports and community surveys.

Effects on the Private Sector

Private-sector partners in a partnership project may represent either for-profit or nonprofit organizations. In either situation, if they made an investment in the project, one of the effects may be profits or other financial benefits from participation in the project. The amount of profits is one measure of the financial returns of participation in the partnership to the private sector. Private partners may also benefit through changes in their tax liability. For example, some partners in low-income housing projects have been able to use the Low Income Housing Tax Credit. An additional financial benefit may be lower operating costs, depending on the nature of the project and any incentives that may be offered by the public sector. Tax records, accounting records, or surveys are potential sources of information on the profits and tax liability of the private sector. Of these, tax and accounting records may be difficult to obtain because of confidentiality issues.

Partnership projects may stimulate different kinds of spinoff development in the private sector. Other private sector organizations may be attracted to an area as a result of a local partnership project. For example, projects that expand the commercial base can create other jobs because of demand for housing, retail, and other services by the employees. This spinoff development can be measured by the number of new businesses that are initiated or expanded after the initial partnership project is completed. In addition, the private sector may support partnership projects that address other problems or target other areas. While spinoff development can be an important side-effect of partnership projects, it may be costly to measure and difficult to attribute to the project, because of the delay between the completion of the project and the initiation of related development.

Another indicator of effects on the private sector is changes in relationships with the local government and community. The public image of a private organization may improve if the partnership is successful and the participation of the private entity is publicized. The nature of the private sector's relationship with the local government can be measured by any changes in the extent of private-sector participation in local development decisions and subsequent partnership projects. Data sources for these measures include local government planning documents and surveys of government officials and business executives.

Effects on Community Residents

Effects on the community that might not be the main focus of the partnership but could occur as a result of a partnership project include the self-determination of community residents, changes in the community as a place to invest, and changes in the neighborhood environment. The self-determination or "empowerment" of local residents is a potential side-effect of partnership projects that involve residents as partners. "Self-determination" refers to the development of local leaders and the increased involvement in political and development activities by residents. In measuring self-determination, it is important to address the issue of whether changes in local political participation stem from a change in the type of resident (for example, if lower-income residents are displaced by higher-income residents) or to actual changes in the involvement of the targeted population.

The results of a partnership project may also change the community as a place to invest. For example, if infrastructure services (such as roads and transportation) are improved, the costs of doing business in an area may decrease. If commercial development were to result in more

employment in a neighborhood, then employee stability and satisfaction may increase along with the purchasing power of the community and new market opportunities. These changes in the community may encourage spinoff development. Spinoff development occurs when commercial interests are attracted to an area that has been the focus of a public-private partnership project. Another form of spinoff development is when additional development projects are initiated in a community, perhaps in a different neighborhood. Information on changes in the community as a place to invest may be available from local business license records, employment records, or a survey of local businesses.

Environmental changes such as esthetic improvements, reduced crime, and new retail and commercial choices are other potential secondary effects from a partnership project. They can be measured through community surveys and direct observation, as well as through the measures discussed under housing quality and physical distress. As neighborhoods are improved, they may become more attractive places in which to live and invest. This can result in gentrification, or the displacement of low- and moderate-income residents with higher-income households. The costs associated with displacement and gentrification are discussed below under costs to the community.

Effects on Partnership Organization

The major potential effect of public-private partnerships on the partnership organization itself is its development as an independent organization. This may occur as the partnership gains experience in planning and managing partnership projects. Specifically, the partnership organization can improve its capacity to plan and manage new projects by developing contacts and acquiring contributions from other development organizations. Measures of the number and amount of these contacts and contributions can be examined. Also relevant are staff changes in terms of quality of number of new staff hired. As discussed above, the skills of the partnership's staff and management are linked to successful fund-raising and implementation of local projects. Changes in the scale or complexity of activities, the stock of capital assets, or the flow of revenues and expenditures are also pertinent. These measures provide a means for assessing the potential of the partnership organization to undertake future ventures. Data on changes in the partnership's capacity can be gathered through reviews of annual reports and other organizational documents and records.

Costs of the Partnership Project

Just as the partnership may have effects on the public sector, community residents, the private sector, and the partnership organization, so may costs of the partnership accrue to these groups. The costs of the partnership project may be financial, political, or social. (See table V.3.) Financial costs include accounting and opportunity costs. Accounting costs are the amount of resources that each sector has invested in the project and the risk involved in that investment. Opportunity costs are the value of alternative purposes for which an investment could have been used. Measurement of the costs of partnership projects is important as a basis for determining the cost-effectiveness of the project. In combination with data on the effect of the project, cost per unit of housing or per job created can be estimated. This informs a comparison of the effectiveness of the project to other kinds of interventions. While important, data on some of these costs may be difficult to obtain because of the sensitivity of the information.

Table V.3: Outcomes: Costs of the Partnership Project

	Indicator	Measure
Costs to public sector	Accounting costs	Financial risk of participation in project; nature and amount of investment; changes in revenues from use of tax increment financing and other financing strategies
	Opportunity costs	Amount of investment; changes in revenues from use of tax increment financing and other financing strategies; social value of forgone investments
	Political costs	Change in authority and accountability over projects
Cost to private sector	Accounting costs	Nature and amount of investment; financial risk of participation in the project; investments made below normal size threshold
	Opportunity costs	Alternative return on investment such as the money market interest rate
	Political costs	Change in authority over projects
Costs to community residents	Accounting costs	Nature and amount of investment including nonfinancial resources; financial risk of participation in the project; costs of new units to rent or buy; change in property taxes; moving and relocation costs of displaced residents and businesses
	Social costs	Change in social networks for displaced residents; number of jobs displaced
Costs to partnership	Accounting costs	Capital costs; staff salaries; value and depreciation of physical equipment and facilities; cost of fundraising and planning

Potential Costs to the Public Sector

Accounting costs to the public sector can be measured by the nature and amount of investment and the financial risk involved in participation in the project. The nature of the investment is an important measure, because the public sector may provide staff, land, facilities, and other

nonmonetary investments. Their financial value has to be estimated in order to determine the total investment of the public sector. In addition, the public sector may have used financial tools to offer incentives to the private sector. Specifically, the use of tax increment financing, deferred loan repayments, and discounted interest rates involve financial costs to the public sector. Data on these costs should be available in local government records.

Opportunity costs are an indicator of the costs of a partnership project to the public sector. Opportunity costs reflect the fact that resources are limited. Therefore, any decision to invest resources in a particular project implies that other uses of those resources have been forgone. In other words, opportunity costs imply a choice between different public goods. For example, opportunity costs occur when a local government decides to fund a partnership project rather than providing more of some alternative service. While this kind of opportunity cost can be measured in terms of the amount of investment, the social value of the forgone services is difficult to estimate.

A potential political cost to the public sector is the loss of public accountability for projects. While the blurring of responsibility may make the partnership more flexible in responding to changes in circumstances, it also opens the door to potential mismanagement. In addition, if a project is not well-received in the community or if community expectations for a project are not met, the public sector may lose overall support as well as support for other projects. Methods for measuring the loss in authority and accountability over projects were discussed in appendix IV on process criteria.

Potential Costs to the Private Sector

The accounting costs to the private sector are the amount of private investment and the financial risk of participation in the project. Another financial cost may occur if a private sector organization makes an investment below its normal size threshold because it costs more per dollar to process. For example, some financial institutions ordinarily would not handle small development loans but might do so as part of a public-private partnership because of the good will engendered through participation in a community effort. The costs to the private sector include opportunity costs. If a for-profit company makes an investment with a rate of return lower than the expected rate of return for other investments (measured, for example, by the money market interest rate or the Standard and Poor index of stock prices), it has incurred an opportunity cost. Finally, like the public sector, the private sector may

also experience a political cost in the loss of authority over projects. For example, in housing, the private developer may concede some authority over the price of new housing units in order to gain public sector involvement in a project.

Potential Costs to Community Residents

Community residents can incur both financial and social costs. Financial costs include the amount of investment by community residents and the financial risk of participation in the project. The community may invest in a partnership with volunteer time, "sweat equity," and other resources in addition to money. Information on the investment that community residents have made may be available in project records. Other financial costs are the costs of new housing units to rent or to buy and changes in property taxes. For example, in Baltimore, residents of neighborhoods adjacent to the Inner Harbor area that was developed through a public-private partnership project found that tax assessments were rising along with the value of their property. Some of these residents were on fixed incomes and were confronted with an increased tax liability, although their wealth was increased. If local businesses and residents are displaced from a neighborhood that has been improved by a public-private partnership, then relocation is another financial cost of the project.

Displacement may also result in social costs. If a project displaces local residents through gentrification or commercial development, the displaced residents may lose not only their homes but also social connections to their neighbors, local businesses, and services. Jobs can be lost because of relocation of businesses. The measurement of these unintended costs of partnership projects provides a more complete picture of their overall effectiveness in achieving housing and community development objectives. However, both the social and financial costs of displacement may be difficult to estimate because the primary source of information is the displaced residents, who may be dispersed and difficult to trace; even if they were located, it might be difficult to collect from them the data necessary for this measure.

Potential Costs to the Partnership

Many of the costs to the partnership have been discussed as they relate to the public and private sectors. However, some costs may fall on the partnership as an entity, apart from the member organizations. These may include capital costs (for example, interest to be paid on borrowed funds), staff salaries, the value and depreciation of physical equipment and facilities, and other project outlays. These should be measured in

order to assess the costs to the project itself, as opposed to the costs incurred by any of the participating organizations. This information may be available from project records or government tax records.

Evaluating Public-Private Partnerships From a Federal Perspective

In this section, we move from a discussion of the evaluation criteria, indicators, and measures applicable to specific public-private partnership projects to a consideration of the federal programs that support those projects. The issues involved are quite different, although in some cases the differences primarily concern meeting the data needs of evaluating multiple projects as opposed to single cases. Thus, while there is some overlap with the framework presented in the previous appendixes (particularly in assessing the need criteria), the approach here is quite different. We identify four broad federal questions about public-private partnerships in housing and community development and discuss the data needs associated with each one. As indicated earlier, not all the measures and analyses discussed here will be needed for every evaluation of federal support for public-private partnerships; which ones are appropriate will depend on the specific program under review and the purposes of the evaluation.

There is no one federal program with the direct objective of supporting public-private housing and community development partnerships. Rather, a number of federal programs support projects operated by such partnerships when the activities of a project are considered consistent with the purpose of the federal program. This section presents a general framework intended to be adapted for use in evaluating public-private partnerships within a variety of program contexts.

In addition, the framework is designed to facilitate evaluations involving several different types of comparison. First, the framework could be applied to evaluate the use of public-private partnerships by a single federal program. Second, the evaluation could focus on the partnership mechanism, regardless of the specific federal program providing support. In this case, the crucial issue might be how well different partnership arrangements succeed. Third, the evaluation could be designed to look across programs to determine whether partnerships are more likely to succeed in some program contexts than in others. Fourth, the framework could be used to compare partnerships to other forms of program delivery, either for one program or across programs.

What Federal Resources Are Allocated to Support Public-Private Partnership Projects in Housing and Community Development?

As we reported earlier, we were unable to determine either the number of partnership projects or the amounts of federal funds allocated to them for the 46 federal programs we identified as providing support to housing and community development partnerships. (U.S. General Accounting Office, September 1989) We could find no federal or private data base that provides this information for these programs. Of course, individual agencies or federal program staff could collect such information for the programs under their jurisdictions.

It would be possible to develop a data collection instrument to classify projects assisted under these 46 programs into those that did and those that did not involve public-private partnerships. This could be done once or continually and could involve the collection of additional information describing the partnership arrangements. While such data collection could be costly, savings could be realized if a representative sample of projects were used to derive estimates.

The kinds of measures for which data could be collected are indicated in table VI.1. These measures are essentially descriptive, but they are important as benchmarks against which to carry out analyses, including those involving comparisons of the relative effectiveness of different programs with similar goals. For example, an evaluation of partnerships supported by HUD's housing development grant program could include an estimate of the amount of federal funds invested per unit of housing constructed. Depending on the purposes of the evaluation, this ratio might be compared to the per unit costs of construction for projects carried out entirely in the public sector or to those supported under a different program, such as HUD's mortgage insurance program for moderate-income rental and cooperative housing.

Table VI.1: Federal Support for Public-Private Partnerships

Indicator	Measure
Use of partnerships	Number of partnership projects supported; partnership projects as proportion of all projects
Financial and nonfinancial support for partnerships	Types of support offered under program and number of projects supported by each type; obligations to and outlays for public-private partnership projects through program; partnership obligations and outlays as a proportion of total obligations and outlay for program; dollar value of staff time devoted to assisting partnership projects

As we note in table VI.1, federal support for public-private partnerships can be financial (grants, loans, or tax incentives) or nonfinancial (regulations or relief from them, technical assistance, or managerial advice). For any given program, an evaluation should, to the extent feasible, include an analysis of the types of assistance provided by the program and the number of projects actually supported through that type of assistance. Such information would permit an assessment of the relative efficiency and effectiveness of different forms of support.

Returning to the housing comparison, an analogous evaluation might compare the number of housing units constructed with project grants under the housing development grants program to the number built with loan guarantees under the mortgage insurance program. Such a comparison could take into account the effect on low- and moderate-income households. For example, a mortgage insurance program could build more housing units than a comparable grant program but it probably would not assist low- and moderate-income households to the same degree because higher-income households are also likely to benefit from loan guarantees.

In the case of financial assistance, the appropriate measures of the magnitude of support are budgetary, focusing on the obligations (generally in the form of grants or contracts) made for projects and the actual outlays (expenditures) from federal funds directed to those projects. We found that these data are not readily available in the summary tables of the annual budget prepared by the U.S. Office of Management and Budget. This suggests that for each program, a detailed analysis would have to be conducted in order to determine the extent to which grantees (or "mediating agents") direct federal funds to public-private partnerships.

Nonfinancial support may be difficult to quantify. But one possible measure is the dollar value of the time federal staff spend in providing technical, planning, or management assistance. Agency records normally permit estimates of time and total compensation costs for personnel engaged in providing such assistance.